

SENATE BILL 601

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C4

2003 Regular Session  
3r1930  
CF 3r2230

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By: **Senator Astle**  
Introduced and read first time: February 5, 2003  
Assigned to: Rules  
Re-referred to: Finance, February 7, 2003

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Committee Report: Favorable  
Senate action: Adopted  
Read second time: March 18, 2003

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Life Insurance - Separate Investment Accounts - Asset Holding**  
3 **Requirements**

4 FOR the purpose of requiring certain life insurers that offer certain investment  
5 accounts to hold assets that equal or exceed certain reserve requirements;  
6 requiring that assets held for certain investment accounts be valued in  
7 accordance with certain provisions of law; and generally relating to asset  
8 holding requirements for separate investment accounts that provide a fixed  
9 guaranteed return that is not subject to market value adjustment.

10 BY repealing and reenacting, with amendments,  
11 Article - Insurance  
12 Section 5-512(k)  
13 Annotated Code of Maryland  
14 (1997 Volume and 2002 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Insurance**

18 5-512.

19 (k) (1) Investments made with respect to separate investment accounts  
20 shall be valued for the purpose of any valuation required by this article:

1                    [(1)]    (I)        at the market value of the investment on the date of the  
2 valuation; or

3                    [(2)]    (II)       if there is no readily available market, in accordance with the  
4 terms of the written agreement referred to in subsection (c) of this section.

5                    (2)       (I)        IF A SEPARATE INVESTMENT ACCOUNT PROVIDES A FIXED  
6 GUARANTEED RETURN THAT IS NOT SUBJECT TO MARKET VALUE ADJUSTMENT, THE  
7 LIFE INSURER SHALL HOLD ASSETS THAT EQUAL OR EXCEED THE RESERVE AMOUNT  
8 THAT WOULD BE REQUIRED IF THE SEPARATE INVESTMENT ACCOUNT WAS AN  
9 OBLIGATION OF THE LIFE INSURER'S GENERAL ACCOUNT.

10                    (II)       AN ASSET HELD UNDER SUBPARAGRAPH (I) OF THIS  
11 PARAGRAPH SHALL BE VALUED IN ACCORDANCE WITH §§ 5-401 AND 5-402 OF THIS  
12 ARTICLE.

13        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 October 1, 2003.